

P-565, 530, 421/CP-91-167 ORDER DESIGNATING PETITIONING
EXCHANGES, REQUIRING COST STUDIES AND PROPOSED RATES

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Don Storm	Chair
Tom Burton	Commissioner
Cynthia A. Kitlinski	Commissioner
Dee Knaak	Commissioner
Norma McKanna	Commissioner

In the Matter of a Petition for
Extended Area Service Between
the Starbuck, Glenwood, and
Villard Exchanges

ISSUE DATE: June 23, 1992

DOCKET NO. P-565, 530, 421/CP-
91-167

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PROCEDURAL HISTORY

On March 8, 1991, the Commission received a petition for Extended Area Service (EAS) requesting that it establish a local calling area between the Starbuck, Glenwood, and Villard exchanges.

On April 16, 1991, the Department of Public Service (the Department) requested a ruling on which exchanges were "petitioning exchanges" for purposes of calculating EAS rates.

On January 21, 1992, Starbuck Telephone Company (Starbuck), the company serving the Starbuck exchange, filed traffic data from Starbuck to Glenwood and to Villard.

On January 31, 1992, United Telephone Company (United) which serves the Villard exchange filed traffic data from Villard to Starbuck and Glenwood.

On February 19, 1992, the Department filed comments regarding the traffic studies.

On March 4, U S West Communications, Inc. (USWC) which serves the Glenwood exchange filed traffic data from Glenwood to Starbuck and Villard.

On May 12, 1992, the Commission met to consider this matter.

FINDINGS AND CONCLUSIONS

The EAS statute provides that the Commission shall grant a request to install EAS when three criteria have been met:

1. Adjacency: the petitioning exchange is contiguous to an exchange or local calling area to which extended area service is requested in the petition;
2. Adequate Traffic: at least 50 percent of the customers in the petitioning exchange make one or more calls per month to the exchange or local calling area to which extended area service is requested, as determined by a traffic study; and
3. Subscriber Support: a poll of subscribers in the petitioning exchange shows that a majority of the customers responding to a poll conducted by the Commission favor the installation of the proposed EAS, unless all parties and the Commission agree that no polling is necessary. Minn. Stat. § 237.161, subd. 1 (a) (1-3) (1990).

In requesting the creation of a local calling area (LCA) consisting of Starbuck, Glenwood and Villard, the petition seeks a result not directly contemplated by the statute, which speaks in terms of a petitioning exchange requesting EAS to another exchange or to a LCA. To pursue the petitioner's intent in keeping with the EAS statute [Minn. Stat. § 237.161 (1990)], therefore, the Commission will deem this a petition for six potential EAS routes: Starbuck to Glenwood and its reciprocal, Glenwood to Starbuck; Starbuck to Villard and its reciprocal, Villard to Starbuck; and Glenwood to Villard and its reciprocal, Villard to Glenwood.

Starbuck to Glenwood and Glenwood to Starbuck

The exchanges of Starbuck and Glenwood share a common border. Hence, both routes meet the statute's adjacency criterion. Also, traffic data show that both routes meet the traffic criterion: 59% of Starbuck's subscribers made one or more calls to Glenwood and 53% of Glenwood subscribers made one or more calls to Starbuck.

The next step for these two routes, then, is to set rates for polling. These rates will be used in polling subscribers in these two exchanges to determine whether the final criterion (adequate subscriber support) will be met. To provide a basis for adopting such rates, the Commission will require the companies serving those two exchanges to file cost studies and

proposed rates. For these routes, the Commission will require the companies to propose two sets of rates: one that apportions 75 percent of the costs of installing EAS to the petitioner¹ and another that apportions 50% of the costs of installing EAS between these exchanges to each exchange. See Ordering Paragraph 3.

Glenwood to Villard and Villard to Glenwood

The exchanges of Glenwood and Villard share a common border and, therefore, both routes meet the statute's adjacency criterion. Traffic data, however, show that only the Villard to Glenwood route meets the traffic criterion: 70% of the Villard subscribers make one or more telephone calls to Glenwood, but only 32% of subscribers in Glenwood make one or more telephone calls to Villard. Therefore, only one route (Villard-Glenwood) qualifies for continued Commission consideration at this time.

The next step for the Villard to Glenwood route is to set rates for polling. The Commission will require the company serving the Villard exchange to file cost studies and proposed rates. For this route, the Commission will require the companies to propose two sets of rates: one that apportions 75 percent of the costs of installing EAS to the petitioner and another that apportions 50% of the costs of installing EAS to each exchange. Because Villard subscribers meet the traffic criterion, Villard will be considered the petitioning exchange for purposes of apportioning EAS costs between those exchanges as required by the statute. See Ordering Paragraph 4.

Starbuck to Villard and Villard to Starbuck

The Starbuck and Villard exchanges do not share a common border and, hence, do not meet the statutory adjacency requirement by that method. Although Villard shares a border with the existing Lowry/Starbuck LCA and is therefore adjacent to Starbuck in that sense, the Commission will not order cost studies and proposed rates for establishing EAS for that configuration (EAS between Villard and the Lowry/Starbuck LCA), adopt EAS rates that would achieve that configuration, and poll Villard customers to determine whether they would support such an EAS route. Such an approach would be plainly inconsistent with the main purpose of the petition, i.e. to create a local calling area between Villard, Glenwood, and Starbuck. The petition expresses no desire on the part of Villard to have EAS to Lowry.

¹ For the Starbuck to Glenwood route, Starbuck will be considered the petitioner. For the Glenwood to Starbuck route, Glenwood will be considered the petitioner. Rates for each route will be filed accordingly. See Ordering Paragraph 3.

In addition, neither the Starbuck to Villard route (10%) nor the Villard to Starbuck route (26%) meets the traffic requirement that more than 50% of the subscribers of the petitioning exchange place one or more calls to the petitioned exchange.

Because these routes fail to meet either of the first two statutory criteria, the Commission would normally dismiss the petition for EAS between Starbuck and Villard. However, in this case if either the pending Starbuck-Glenwood route or its pending reciprocal route (Glenwood-Starbuck) is installed, Villard will be adjacent to the Glenwood/Starbuck LCA.

In these circumstances, since the Commission will be polling Villard subscribers about EAS to Glenwood (a route found above to meet the adjacency and traffic criteria), it would be appropriate to poll them at the same time about EAS to the potential Glenwood/Starbuck LCA, the route that will be possible if an EAS route is approved between Glenwood and Starbuck. In this Order, then, the Commission will direct the companies to file cost studies and proposed rates for that potential route to assist the Commission in adopting polling rates for those routes.² See Ordering Paragraph 5.

ORDER

1. Within 60 days of this Order, Starbuck Telephone Company (Starbuck), U S West Communications, Inc. (USWC), and United Telephone Company (United) shall confer with each other and file with the Commission and the Minnesota Department of Public Service (the Department) and serve upon each other and the petition sponsor cost studies and proposed rates based on similar parameters for the routes listed in Ordering Paragraph 2.
2. The companies shall provide the cost studies and proposed rates for the following routes:

² Similar treatment was potentially available to assist Starbuck establish EAS to Villard. If EAS is established between Glenwood and Villard, Starbuck will be "adjacent" to Villard by reason of its shared border with the Glenwood-Villard LCA. However, because Starbuck has indicated no particular desire to obtain EAS to Villard and only 10% of its subscribers make one or more calls per month to Villard, it would be inappropriate to incur the expense of extending the same treatment to Starbuck, i.e. to require the companies to prepare cost studies and proposed rates for EAS between Starbuck and the potential Glenwood/Villard LCA and to poll Starbuck customers regarding that configuration.

1. **Starbuck** to Glenwood
2. **Glenwood** to Starbuck
3. **Villard** to Glenwood
4. **Villard** to the potential Glenwood/Starbuck LCA

In these four route designations, the exchange whose name appears in **bold** is deemed the petitioning exchange.

3. For the first route (**Starbuck** to Glenwood) and for the second route (**Glenwood** to Starbuck), the companies shall file two sets of rates: one that apportions 75 percent of the EAS revenue requirement to the petitioning exchange and a second set that apportions 50 percent of the EAS revenue requirement to the petitioning exchange. For these two routes, **Starbuck** shall be deemed the petitioning exchange for the first route and **Glenwood** for the second.
4. For the third route (**Villard** to Glenwood), the companies shall file two sets of rates: one that apportions 75 percent of the EAS revenue requirement to the petitioning exchange and a second set that apportions 50 percent of the EAS revenue requirement to the petitioning exchange. **Villard** shall be deemed the petitioning exchange for purposes of apportioning EAS costs.
5. For the fourth route (**Villard** to the potential Glenwood/Starbuck LCA), the companies shall file two sets of rates: one that apportions 75 percent of the EAS revenue requirement to the petitioning exchange and a second set that apportions 50 percent of the EAS revenue requirement to the petitioning exchange. **Villard** shall be deemed the petitioning exchange for purposes of apportioning EAS costs.
6. Within 45 days after the companies' cost studies and proposed rates have been filed, the Department shall file a report and recommendation concerning the proposed rates and serve a copy of that filing on the companies and the petition sponsor. If the Department recommends changes, its shall include two sets of proposed rates reflecting those changes: one set assuming a 75 percent allocation of EAS costs to the petitioning exchange and the other assuming a 50 percent allocation to the petitioning exchange.
5. Parties desiring to respond to the Department's report shall do so within 20 days after the report is filed.
6. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Richard R. Lancaster
Executive Secretary

(S E A L)